

# **GEO**

## **Guyana Economic Opportunities**

### **Quarterly Performance Monitoring Report and Quarterly Financial Report**

**July 1 to September 30, 2003**

*Submitted by:*

**Chemonics International Inc.**

*In association with:*

**Management Systems International, Inc.**

*To:*

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**Project Report N° 22**

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## **I. Activity Report: July 1 – September 30, 2003**

Excellent progress was made in implementing planned activities during the quarter. We were also again able to respond quickly to new requests from partners for activities, which though not specifically detailed in the work plan, fit well within the overall Project goals and objectives. One such activity, the development of a strategy for strengthening trade policy capabilities, promises to open up additional resources from the donor community to strengthen trade policy analysis and improve negotiating skills.

In the policy area, we are extremely pleased that the draft Investment Law and Small Business Act were both tabled in Parliament during the quarter. The passage of both, hopefully next quarter, should help improve the investment climate in the eyes of private businessmen and potential investors as they become more certain about the regulations they must follow, the legal guarantees in place and the incentives available.

Work also continued during the quarter in providing training and technical assistance to firms and sector groups who want to increase their exports and for those thinking about starting to export. More market information is now available after the completion of a Brazil market study and new market linkages are being developed after GEO assistance to wood products firms who attended a trade show in Trinidad.

During the quarter, it also appeared as if the crime situation is being brought under control. If the situation continues to improve, this will greatly improve the business climate and also improve the Project's ability to provide services to our clients.

### **A. Activities and Accomplishments During the Quarter**

#### **1. Implementation of Planned Activities**

##### **a. Activities under IR 1: Increased Capacity to Implement Economic Policy**

GEO continued assistance during the quarter to the Project's main public sector partners: the Guyana Office for Investment (Go-Invest), the New Guyana Marketing Corporation (NGMC), the Guyana National Bureau of Standards (GNBS) and the Ministry of Foreign Trade and International Cooperation (MOTIC). Assistance continues to focus on improving the quality of information available to our partners and their clients, as well as on institutional strengthening.

*Information Technology* – Work continued during the past quarter in improving the IT capabilities of our partner agencies. The GEO IT Specialist installed the new networks and hardware in GNBS, NGMC and Go-Invest. He also created email addresses for each agency in the form [name@ngmc.com](mailto:name@ngmc.com), as well as individual accounts for each staff member.

Although basic training in the use and maintenance of the networks was provided to each agency, it was strongly recommended that each agency contract with local service providers for regular system maintenance. In addition, an assessment was conducted and recommendations were made to the Ministry of Foreign Trade and International Cooperation for the upgrading of its IT network.

### **Ministry of Foreign Trade and International Cooperation (MOTIC)**

A key concern of the Minister of Foreign Trade and International Cooperation is the need to improve the analytical skills of Ministry trade officers. With only six technical officers, the Ministry is stretched to the limit, keeping up with the myriad of trade negotiations and agreements currently on-going, including WTO, FTAA, ACP and the Caricom Single Market and Economy (CSME). Two activities were undertaken during the last quarter which directly target the Minister's priority.

*Trade Policy Training: Preparations for Cancun* – Although MOFTIC is the lead Ministry for trade policy issues, many other agencies and other ministries also have important roles to play. During the quarter the GEO Project implemented a very practical hands-on training program, having the training participants research and prepare the Government's briefing papers for the 5<sup>th</sup> Ministerial meeting of the WTO. In all, 12 persons from six agencies (MOFTIC; Ministry of Tourism, Industry and Commerce; Ministry of Agriculture; Bureau of Statistics, the Customs Department; University of Guyana; and the Private Sector Commission) participated in the training and jointly developed the briefing book. As a group and working in teams, the participants analyzed Guyana's recent trade data, researched tariff and non-tariff barriers of Guyana's leading trade partners, identified critical constraints and opportunities, and made recommendations on Guyana's positions in the areas of agriculture and trade in goods. A strong recommendation of the participants at the end of the week long training exercise was that the multi-agency group be involved in the preparations for future negotiations.

*Trade Policy Capacity Building Strategy* – The FTAA's Hemispheric Cooperation Program (HCP) was approved in 2002, in part to strengthen the capacities of smaller economies to participate in negotiations, implement their trade commitments and maximize the benefits of hemispheric integration. To qualify for assistance in strengthening trade capacities, each of the smaller economies are to develop Trade Capacity Building Strategies (TCBS). At the request of the Ministry, the Project provided assistance in developing Guyana's strategy. The work involved identifying the capacity strengthening needs of the 20 or so ministries, agencies and private sector organizations that have a role in trade matters. A draft was submitted to the Minister for review at the end of August.

## **Go-Invest**

*Website* - Work continued during the quarter on re-engineering the Go-Invest website to make it more informative, less verbose and more user friendly.

*Wood Products Trade Show* – At the request of Go-Invest, GEO provided assistance to the wood products sector to participate in a trade show in Trinidad. This activity is reported under IR3 below.

## **Bureau of Standards**

*National Conformity Assessment* – Conformity to product standards will soon be required under most of the international trade agreements (WTO, FTAA, etc.). At present there are some 20 organizations in Guyana involved in inspection, testing and certification activities. The Project is providing continuing assistance to the GNBS to inform the various organizations about conformity assessment and the role that each must play. During the quarter, GEO assisted the Bureau in holding a national forum on conformity assessment under the invitation of the Minister of Tourism, Industry and Commerce. Other activities included the development of an organizational chart for conformity assessment for goods and services and identification of roles and responsibilities of the various agencies involved in conformity assessment. Recommendations for next steps included staffing of various positions and public and private sector training. Representative from 19 agencies and private sector organizations participated in the forum.

*ISO 19011 Training* – A necessary complementary task for agencies and businesses that are working on ISO9000 (management) and ISO14001 (environmental) standards is the ability to conduct the necessary internal audits of these processes. During the quarter, GEO sponsored a training course in auditing (ISO 19011) using the updated 2002 standard.

*ISO 17025 and 9001* – During the quarter the GEO Standards Specialist also provided follow-up to the training previously provided in ISO 17025 (laboratory testing) and ISO 9001 (management standards). The Specialist reviewed the progress and provided feedback and recommendations to two laboratories which we hope to have certified by mid-2004: the Food and Drug Department and the Institute of Applied Science and Technology (IAST).

**New Guyana Marketing Corporation** – As in previous reports, activities undertaken with NGMC are reported under IR3 below.

## **Environmental Activities**

*Forest Certification* – Certification that wood and wood product exports come from sustainably managed forests is increasingly becoming a factor in accessing many markets, thereby impacting current and would-be exporters. During the quarter the Project provided the assistance of a forest certification expert to the Guyana Initiative for Forest Certification (GNIFC). GNIFC is a recently formed non-governmental organization, that as the name indicates, has the objective of supporting certification of Guyana's forests. During the quarter, with GEO assistance, a previously developed draft standard was tested and modified. The goal is to develop a final Guyana standard by September 2004.

*Protected Areas Workshop/Training* – Sustainable use of Guyana's forests and natural habitats is a key objective of Guyana and USAID. During the quarter the Project sponsored the participation of two persons, one from the Environmental Protection Agency and one from the Guyana Marine Turtle Conservation Society to attend a workshop on protected areas management which was held at the University of Montana. Next quarter the two participants will present a public workshop on what they learned and how it might be applied in Guyana.

### **b. Activities under IR2: Strengthened Private Sector Organizations Capable of Influencing Public Policy**

*Private Sector Commission Website* – Work continued during the quarter in helping the PSC to build a website so that it can better communicate with members of the private business sector as well as with the Guyana diaspora, which it hopes will invest in Guyana. Training will also be provided so that the Commission staff can maintain and update the website.

*GMA Wood Products Tradeshow* – The project assisted Go-Invest and the Guyana Manufacturers' Association to participate in a builders and interiors trade show in Trinidad. The assistance follows up on the study tour for representatives of the wood products sector that GEO implemented during the second quarter of the year. Eight firms participated in a Guyana booth, displaying hardwood flooring and paneling, wood shingles and exterior siding, and wood and cane furniture. A Go-Invest export officer participated as a training exercise. It was the first time that any of the Guyanese contingent had participated in a trade show. In addition to helping to plan and build the booth, the Project organized a forum where the Guyanese firm representatives were able to interact one-on-one with Trinidadian buyers and wholesaler, architects and builders, and furniture distributors. Since the trade show in September, one of the furniture manufacturers who attended has sold and shipped almost a full container of furniture to Trinidad and has more

orders for Christmas. Two Trinidadians who visited the booth have already traveled to Guyana to visit the factory. A second participant has cemented a distributorship with a Trinidadian firm and a third firm is in the process of negotiating the sale of hardwood doors.

**c. Activities under IR3: Increased Services Available to Support Small and Micro-Enterprises**

**New Guyana Marketing Corporation**

In addition to the setting up of the agency's IT network described above, work continued on several other on-going activities with NGMC:

*Post-Harvest Handling* – Training workshops in post harvest handling techniques were held in five areas during the quarter. Over 125 farmers and exporters participated in the hands on training, including a special training of trainers session held for 26 extension agents and personnel from various agricultural projects. Sessions included harvesting techniques, maintaining a “cool” chain, proper washing, waxing to preserve shelf life and the use of plastic sleeves, or bunch covers, to improve banana and plantain production and quality. Since the GEO sponsored training was completed, technical officer from NGMC who took the training of trainers course, presented the training to a group of 35 farmers in Cottontree, Berbice.

Work also continued on the production of post harvest handling bulletins. Two types are being produced – simple one page fact sheets for farmers and exporters, and more technical and longer bulletins for extension personnel. Drafts have been completed for 15 crops having export potential. Five are ready for publication and the National Agricultural Research Institute (NARI) is performing a final review of the other ten. The first five should be ready for publication and distribution next quarter.

*Banking and Finance: How to Approach Banks* – The first draft has been completed of an information bulletin aimed at assisting SMEs in dealing with banks. The draft is currently under review by Go-Invest.

*Information and Marketing* –

A key component of the GEO SME export program is to improve market information and assist in developing market linkages. To date, rapid market surveys have been completed, and the results made available to exporters and the business community, on markets in North America, the Caribbean and the U.K. During the quarter efforts in this area continued for neighboring Brazil and for the market for organic produce. All of the market surveys conducted to date, including those undertaken during the quarter, provide an

overview of the market, examine the potential for Guyanese products in the given market, identify the current source of those products, provide retail and/or wholesale prices of the product, and perhaps most importantly, the surveys provide a detailed list of and the contacts for importers, wholesalers, and retailers for each of the products examined.

*Brazil Rapid Reconnaissance Market Survey* – Due to its proximity, Brazil, and particularly the northern states, has the potential for providing a ready market for many Guyanese products. The rapid reconnaissance survey conducted during this past quarter focused on three population centers: Boa Vista, Manaus and Belém. A key advantage for Guyanese products identified in the survey is lower transportation cost for products imported from or through Guyana. At present the northern States of Brazil “import” many of their food products and inputs for agriculture and industry from southern states of Brazil. It is estimated that the arrival times could be cut in half if the same products were imported from Guyana. A key assumption for any advantage, however, is the building of an all weather Georgetown – Lethem road, completion of the Takatu bridge, and the installation of necessary facilities, such as gas and service stations, customs facilities, etc. To facilitate those businessmen who planned to visit a trade show in Manaus, the survey was distributed in draft form. Over 150 copies of the draft report were purchased.

*Organic Market Surveys: France, Germany and the U.K.* – The Ministry of Fisheries, Crops and Livestock and NGMC are interested in the potential for organic agriculture. To date there are two on-going organic enterprises: cocoa production in the Northwest supported by the U.K. and a private firm currently exporting organic hearts of palm and canned pineapple. With the exception of the coastal rice and sugar areas, much of Guyana can be considered “organic” in that few if any agricultural chemicals are used. The purpose of the organic market surveys is to identify which products that can be produced in Guyana have the greatest potential and in which markets. The surveys are based on desk research using the internet and existing studies and reports to identify markets and trends. Follow up phone calls are made to importers and retailers for additional information. Although information is gathered about the potential for fresh produce, the major focus is on processed fruit and vegetables, given the difficulty and costs of transportation for fresh produce. Internet and document research have been completed for the U.K., France and Germany – the three leading importers and consumers of organic products in Europe. It is expected that the final reports will be available next quarter.

## **2. Other Activities during the Quarter**

*Update on USAID/GEO Supported Legislative Initiatives* – The GEO Project has been assisting in the development of the Investment Law and the Small Business Act for several years. During the second quarter of this year, the Project facilitated discussions among



private sector groups and with the Government for both draft laws. During the past quarter drafts of both were laid in Parliament. In addition, animal health and meat safety legislation was enacted by Parliament. The legislation is a necessary condition to permit the export of beef.

*Support to the Anti-Money Laundering Unit* – During the quarter, the Project assisted the Office of the President in preparing a funding request to be submitted to the U.S. Embassy to provide IT support for the proposed anti-money laundering unit, the Financial Investigative Unit, or FIU. The procurement is currently on hold, pending the designation of a head of the FIU and the hiring of Unit staff.

*Assistance to the Plant Health Unit* – A new parasite was discovered by the Plant Health Unit of the Ministry of Fisheries, Crops and Livestock. At the Ministry's request, the Project provided assistance in seeking the help of USDA's Animal and Plant Health Inspection Service (APHIS) to first identify the insect (papaya mealy bug) and then to visit Guyana to perform inspections and to hold a workshop for Ministry plant health officers on identification and control. While here, the APHIS team also released a biological control agent which has proven successful elsewhere in controlling the incidence of the pest.

## **B. Activities Planned for Next Quarter (October 1 – December 31, 2003)**

Many of the activities started last quarter and earlier in the year will continue next quarter. In addition, new activities will start in the areas of tourism, agro-processing and in facilitating a group of exporters interested in forming an association.

### **1. Intermediate Result 1: Increased Capacity to Implement Economic Policy**

*Business Writing* – A need identified by several of the private sector agencies with which the Project works, is the need to improve the writing skills of their technical staffs in corresponding with clients and in writing internal memos and reports. The Project is developing a course in business writing which will target the upgrading of these skills. Local training agencies will be invited to participate so that the course could become a part of their curriculum. Initially, the course will be presented to technical staff nominated by Go-Invest, NGMC and the Bureau of Standards.

#### **Guyana National Bureau of Standards**

*Standards Training: ISO 17020 (Inspections) and ISO Guide 65 (process certification)* - GEO assistance will continue to the Bureau of Standards and private sector firms that are seeking international quality and management certification. Next quarter the Project will host two training programs, the first on ISO 17020, targets the requirements for acquiring accreditation of bodies performing inspections, and the second, for ISO Guide 65, which when achieved, provides accreditation of bodies who provide product certification. Both are important if Guyana's products and accrediting bodies are to be accepted internationally. In addition to the two training programs, the GEO Standards Specialist will conduct an assessment and provide recommendations for the four institutions which are currently working toward accreditation and registration to ISO 17025 (for laboratories) and ISO9001 for management systems.

#### **Ministry of Tourism, Industry and Commerce**

*Guyana Tourism Authority (GTA): Tourism Marketing* – This activity was expected to begin last quarter but will be delayed until October. GEO will assist the GTA and local tourism operators to prepare for participation at the World Travel Market (WTM) in London. GEO tourism specialists will also provide an assessment and recommendations for improving individual tourist operations, tourism promotional materials and individual firm brochures. The WTM is scheduled for early November.

## **Ministry of Foreign Trade and International Cooperation**

*Trade Policy Training* – As part of USAID/GEO’s institutional strengthening activities for trade policy formulation and analysis, two senior trade officers will attend the Harvard University course, *Practice of Trade Policy, Economics, Negotiations and Rules*.

*CSME Workshop* – At the request of the Ministry, GEO will provide support for a workshop the Ministry will sponsor aimed at preparing the private and public sectors for the Caricom Single Market and Economy (CSME).

## **Go-Invest**

*Re-Engineering of the Go-Invest Website* – continuation.

*Investment Guide* – At the request of the Office of the President, GEO will assist in developing and publishing an investment guide for Guyana. The work will be coordinated through Go-Invest. In order to develop the investment guide, GEO will issue a request for proposals to qualified firms who could potentially add value to Chemonics’ approach in a specific area. GEO will partner with the selected firm to develop the guide. We hope to conclude this activity no later than the end of March 2003.

*SME Bulletin on Approaching Banks* – Hopefully after receiving input from Go-Invest on the draft bulletin, it will be finalized and made available to small businesses.

*Electronic Versions of Investment Forms* – continuation of an on-going activity.

## **2. Intermediate Result 2: Strengthened Capacity of the Private Sector to Influence Public Policy**

*Exporters’ Association* – The Project has worked for several years with fresh produce exporters to assist them to identify new markets, to source new packaging and to improve quality with better post harvest handling. The sector is now facing new constraints, including decreasing space on airlines and difficulties in finding sufficient local produce. To overcome some of these problems and to increase their ability to lobby in their own interests, the exporters need to begin to work collectively. Several exporters have individually voiced the need for an association. During the quarter the Project will discuss with exporters the benefits and problems of forming an association and assess their willingness to work together as a group.

*IT Support* – It is expected that the IT equipment purchased for qualifying regional chambers of commerce and their umbrella organization, ARCC, will arrive next quarter.

GEO will provide assistance to install and staff training in the use and maintenance of the equipment.

*Private Sector Commission Website* – continuation of work started previously.

*Sector Profiles* – The Guyana Manufacturers' Association (GMA) and the Ministry of Tourism, Industry and Commerce have requested Project assistance in developing investment profiles for key sectors in Guyana. The activity will be coordinated with Go-Invest.

### **3. Intermediate Result 3: Increased Services Available to Support Small and Micro-Enterprises**

Although IR3 focuses on working with SMEs, much of the work is coordinated with Project public sector partners, Go-Invest and NGMC.

*Transportation* – Transportation options for exports has always posed a problem. Few airlines serving Guyana, lack of a deep water port, and few direct routes to many markets results in longer transportation times and increased costs. In addition, following recent release of Project market bulletins and the Export 101/102 course, more firms are now exporting more produce. The increases in both the number of exporters and in the quantity exported have exacerbated the transportation problem, particularly for those who export by air to the Caribbean. During the quarter the Project will work with exporters and transporters to seek ways to alleviate some of these constraints.

*Export 101/102* – To date the Project has presented the introductory exporting course in Georgetown, Berbice and Essequibo. Almost 100 exporters and potential exporters have taken the course thus far. A good portion of the course is now taught by technical staff of NGMC and Go-Invest. Next quarter Export 101 will be presented in Linden, in collaboration with the EU LEAP Project, which is also working on SME development. Export 102 will be offered in Linden after the first of the year. The GEO Export Specialist will also hold additional one-on-one sessions with previous course participants to find out whether they are using the techniques learned, to answer any questions or to provide follow-up assistance.

Work will also continue during the quarter on the development of a series on exporting, based on the Export 101 and 102 courses, which will be published in a local newspaper.

*Export 103* – Based on the response from participants to the original Export 101/102 courses, and on feedback from the participants and others, GEO will begin to develop a follow-on course to focus on other problems and constraints faced by exporters. A key part

of the Export 103 course may be on marketing and the business tools necessary to successfully market the firm's product(s).

*Business Uses of the Internet* – The internet is increasing in popularity and use in Guyana. Yet few business see it as a business tool. The Project will develop and present a basic course in using the internet as a business tool. The course will focus on email and search engines; on finding suppliers, potential buyers and market information, and on identifying websites that offer business related services. The course will at first be offered to those who have completed the Export 101/102 series and to the regional chambers of commerce. NGMC and the chambers will be invited to send one or more staff persons to a special training of trainer course so that others can benefit from onward training.

*Labeling Workshop* – Agro-processors have identified a need for training in labeling. GEO will develop a training program/workshop which will discuss the requirements for labeling in major markets, focusing initially on the U.S., Canada and the Caribbean. Required information, nutritional labeling, and bar codes will all be discussed both in the workshop and in more detailed handouts for participants.

*Organic Market Studies* – Draft reports of the potential for organic exports to France, Germany and the U.K. were completed last quarter, based on internet and document research. During the quarter, this information will be complemented with direct phone calls and requests for information from importers and processors of organic fruit and vegetables.

*Marketing of Beef* – Last year the Project provided training in butchering for the wholesale market. Since then, the Government has passed enabling legislation which will permit Guyana to export meat. Next quarter the Project will assess and, where necessary, provide assistance to those producers and butchers who are interested in exporting.

### **Other Activities Planned for the Quarter**

*Project Indicators, Success Stories and Lessons Learned* – As usual, in preparation for the annual report, GEO will work with project partners and clients to measure progress in meeting annual performance indicators. As part of this exercise this year and as we approach the end of the Project in June 2004, it is important that we begin to collect and analyze the successes and failures of the project so that USAID can benefit from the years of lessons learned. This activity is especially important in order to capture the results the Project has achieved in the SME export area since, at the project's conception, it was not a major focus and is therefore not adequately reflected in the Project's results indicators. To this end, while obtaining information for the annual performance reporting, we will also interview Project beneficiaries (both agencies and individuals) to obtain a better and deeper understanding of what the Project has accomplished.

## **II. Quarterly Financial Report**